

City of Raleigh 2000 Housing Bond Report

August 2005

Background

In 2000 the citizens of Raleigh voted to pass a \$14,000,000 housing bond in a referendum. The goal was to produce units of affordable housing for the City's low and moderate income citizens, both renters and first time homebuyers.

On October 11, 2005 Raleigh residents are asked to continue the momentum of addressing the City's affordable housing needs through another housing bond referendum. This \$20 million in bonds for affordable housing would continue the City's housing assistance programs for persons with low and moderate incomes. These programs include joint venture housing development loans for rental and single-family housing development, low-interest second mortgages for first-time homebuyers, support of housing development projects by nonprofit organizations, the acquisition of rental units for persons with low incomes, housing rehabilitation, neighborhood revitalization, and homeownership counseling.

Previous housing bonds issued by the City of Raleigh have helped to create and sustain these housing assistance programs. The \$20 million bond proposal, if approved by Raleigh voters, would provide funding for the City's affordable housing programs through the year 2013.

Summary of Raleigh's Housing Programs Financed with Bonds

The Raleigh Community Development Department (CD) administers the housing programs made possible by the bonds, in addition to those funded by federal resources. Here is a summary of the financial assistance programs available from the City of Raleigh's housing bonds:

- **First Time Homeownership/Second Mortgage Loans/Education**

Eligible first time moderate-income families (e.g., earning up to \$51,350 for a family of three) may purchase a house in Raleigh costing up to \$150,000 with a low-interest loan for up to \$20,000 for downpayment and closing cost assistance (\$30,000 for "downtown" or CD-sponsored housing developments). The interest rate is 0% for the first five years, then 4% for the remaining 25 years. Private lending institutions provide the first mortgages to each borrower. CD also provides monthly homebuyer education events through hired trainers.

- **Emergency Housing Rehabilitation Assistance**

CD provides deferred loans of up to \$5,000 for low-income residents addressing code violations or health and safety concerns in their homes. There is no interest

and no monthly payments. The loan is repaid only if the house is sold or rented, or upon the death of the owner.

- **Loans to Developers of Affordable Housing (“Joint Ventures”)**

Raleigh has a variety of opportunities for non-profit and for-profit developers to receive financing at below-market rates to provide affordable rental or ownership housing for low-and moderate-income residents. These opportunities include infill housing on land assembled in the city’s redevelopment areas, new apartments being built in the city (preference given to those being built outside redevelopment areas according to the City’s Scattered Site Policy), and permanent housing being provided for those emerging from homelessness or transitional housing.

- **Affordable Rental Opportunities**

CD maintains a portfolio of 250 housing units available at affordable rents for families at or below 50% of the area median income adjusted by family size (up to \$24,950 for a family of one, up to \$28,500 for a two-person family, etc.) The city’s management agents are Barker Realty and Cliff Faison Realty and Property Management Company. Most rents are between \$350 and \$450 per month.

The Record to Date with the Use of Housing Bonds

The City of Raleigh has made good use of the funds made possible with its two previous housing bonds. There has been a mix of low- and moderate-income beneficiaries, family units and senior units, rental and homeownership, new units and existing. The 2000 City bond investments in new housing development (over 600 new affordable units) are summarized on the chart on the next page. In addition to new affordable housing development, bond funds were committed to development fees, second mortgages for first time homebuyers, emergency rehabs, and purchase of rental units added to the City’s affordable rental housing stock. The City will continue to invest these funds through June 30, 2006. Nearly \$62 million in non-City funds have also been spent as the City’s housing investments are leveraged by private investments and other public financing.

A summer 2005 survey of the apartment communities funded with City housing bonds revealed that 57% of the residents had incomes at or below 40% of the area median income (AMI).

2000 Raleigh Bond-Financed Housing Projects:
Progress through April 30, 2005

NAME	ADDRESS	Amount Committed	UNITS
Joint Venture Rental			
Glory To Glory	1700 Carson Street	\$173,078	1
Berkeley Spring	5500 Dixon Dr	\$600,000	36
Hodges Creek	5351 Old Wake Forest Road	\$750,000	50
Gregory Oaks	200 E. Lane Street	\$700,000	32
Gateway Park	700 Jamaica Drive	\$1,300,000	84
Carlton Place*	404 E. Davie Street	\$1,000,000	80
Autumn Trace*	3707 Eck Road	\$500,000	34
Terrace Springs*	4020 New Hope Road	\$775,000	48
Wakefield Hills*	10801 Common Oaks Dr	\$1,000,000	80
Homeownership Investments			
Affordable Housing Fees	Citywide		50
Citywide Second Mortgages	Citywide	\$600,000	60
Rose Lane	2434 Jimmy Carter Way	\$840,000	42
Dowling Drive*	1600 Dowling Road	\$720,000	36
Capital Pines*	3107 Pine Knoll Drive	\$225,000	18
Meadowcreek	1650 Royal Pines Drive	\$60,000	3
Cooke Street**	200 Cooke Street	\$700,000	29
Haywood Place**	700 Block Bloodworth Street	\$344,745	16
Affordable Housing Acquisition	2525 Ricky Circle	\$179,472	2
Citywide Emergency Rehab	Various Locations	\$108,000	15

716

* Indicates that project is funded but not under construction

** Indicates that project is under construction

